

Message Text

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PAGE 01 BANGKO 18167 211339Z

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ACTION XMB-07

INFO OCT-01 EUR-25 EA-11 ISO-00 AID-20 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 OPIC-12

SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 DRC-01 L-03 IGA-02

/119 W

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R 210956Z NOV 73

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 8423

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY TOKYO

AMCONSUL HONG KONG

UNCLAS BANGKOK 18167

E.O. 11652: N/A

TAGS: ETRD

SUBJ: PROPOSED LINE OF CREDIT TO THAI GOVERNMENT TO
FINANCE IMPORTS FROM UNITED STATES

WASHDC FOR EXIM BANK

HONG KONG FOR RAND

1. THE MINISTRY OF FINANCE IS PLANNING TO SET UP AN ARRANGEMENT TO
CENTRALIZE THE FINANCING OF IMPORTS INTO THAILAND. IT PROPOSES TO
PARTICIPATE DIRECTLY IN THE FINANCING OF IMPORTS FROM COUNTRIES WHICH
DO NOT HAVE AN EXIM-TYPE BANK. FOR THE UNITED STATES AND FOR
COUNTRIES
WHICH HAVE EXPORT-FINANCING INSTITUTIONS THE MINISTRY OF FINANCE
WOULD, UNDER THE PROPOSAL, HAVE A DIRECT LINE OF CREDIT AND
ADMINISTER
THE FINANCING OF IMPORTS INTO THAILAND ACCORDING TO THE TERMS OF THE
AGREEMENT WITH THE RESPECTIVE FOREIGN FINANCIAL INSTITUTIONS.

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PAGE 02 BANGKO 18167 211339Z

2. WITH RESPECT TO THE U.S., THE MINISTRY OF FINANCE

WOULD BE THE CONTACT BETWEEN EXIM AND LOCAL BANKS, ALL OF WHICH COULD PARTICIPATE IN FINANCING OF IMPORTS. EXIM WOULD ONLY DEAL WITH THE MINISTRY OF FINANCE. THE PRINCIPAL ADVANTAGE FOR THAILAND WOULD BE TO GIVE THE FINANCIAL AUTHORITIES A MEASURE OF CONTROL OVER SUPPLIER CREDITS, WHICH HAVE BEEN A PROBLEM IN THE PAST. THE PRINCIPAL ADVANTAGE FOR THE U.S., AS PUT FORTH BY THE FINANCE MINISTRY, IS THAT ANY BANK IN THAILAND COULD BE UTILIZED FOR THE FINANCING OF U.S. EXPORTS, NOT JUST THOSE PARTICIPATING IN THE CFF. THE FINANCE MINISTRY BELIEVES THAT IT CAN DO A BETTER JOB OF ENCOURAGING USE OF EXIM LOANS THAN IS NOW BEING DONE. MINISTRY OFFICIALS CORRECTLY POINT OUT THAT, ALTHOUGH SOME DOZEN BANKS HERE HAVE CFF LINES OF CREDIT, ONLY TWO HAVE USED THEM.

3. THE U.S. STOOD FIRST IN THE VOLUME OF SUPPLIER CREDIT TO THAILAND ON SEPTEMBER 30, MOVING AHEAD OF JAPAN WHICH HAD BEEN THE LEADER FOR YEARS. OTHER MAJOR SOURCES OF SUPPLIER CREDIT ARE GERMANY, THE UNITED KINGDOM AND FRANCE. THE MINISTRY HAS APPROACHED OR WILL APPROACH EACH OF THESE OTHER COUNTRIES WITH ITS PROPOSALS. EMBASSY HAS CONCLUDED FROM CONVERSATIONS WITH MINISTRY THAT DISCUSSIONS ARE FURTHERST ADVANCED WITH FRANCE.

4. AN OFFICIAL OF THE FINANCE MINISTRY DISCUSSED THE GENERAL OUTLINE OF THE IDEA OF SETTING UP AN IMPORT FINANCING ARRANGEMENT WITH EXIM VP RAND LAST SUMMER. THEY NOW PROPOSE TO SEND TWO MINISTRY OFFICIALS TO WASHINGTON FOR ABOUT TEN DAYS TO (1) STUDY EXIM OPERATIONS AND (2) TO NEGOTIATE AN AGREEMENT UNDER WHICH THERE WOULD BE A DIRECT LINE OF CREDIT TO THE THAI GOVERNMENT TO FINANCE IMPORTS FROM U.S.

5. THE MINISTRY HAS ASKED EMBASSY IF U.S. FUNDS COULD BE MADE AVAILABLE TO PAY FOR THE TRIP (TRANSPORTATION AND PER DIEM) OF THE TWO THAI OFFICIALS TO WASHINGTON. SOURCE STATED THAT THE FRENCH WILL PAY THESE EXPENSES FOR THE OFFICIALS GOING TO PARIS. ACTION REQUESTED:

A. DOES EXIM HAVE ANY COMPARABLE AGREEMENT WITH ANY OTHER COUNTRY, AND IF SO WHAT HAS EXPERIENCE BEEN.

B. WHEN WOULD EXIM BE PREPARED TO RECEIVE THE OFFICIALS TO DISCUSS THIS SUBJECT?

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UNCLASSIFIED

PAGE 03 BANGKO 18167 211339Z

C. WILL EXIM FUNDS BE MADE AVAILABLE TO FINANCE THE VISIT?
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BANK LOANS, EXPORT CREDIT GUARANTEES
Control Number: n/a
Copy: SINGLE
Draft Date: 21 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973BANGKO18167
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: BANGKOK
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731121/aaaaapak.tel
Line Count: 110
Locator: TEXT ON-LINE
Office: ACTION XMB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: cunninfx
Review Comment: n/a
Review Content Flags:
Review Date: 09 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09-Aug-2001 by reddocgw>; APPROVED <21-Aug-2001 by cunninfx>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PROPOSED LINE OF CREDIT TO THAI GOVERNMENT TO FINANCE IMPORTS FROM UNITED STATES
TAGS: ETRD, TH, XMB
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005